

AGREEMENT FOR CONSTRUCTION
SHANDON TURNOUT PROJECT

This **Agreement for Construction – Shandon Turnout Project** (Agreement) is made this ____ day of _____, 2015 by and between the Central Coast Water Authority (CCWA) and the San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) with reference to the following facts and intentions:

A. SLOCFCWCD has contracted with the California Department of Water Resources (DWR) for State Water Project (SWP) water service and other water deliveries pursuant to a long-term water supply contract, dated February 26, 1963, and as subsequently amended.

B. CCWA is a public entity organized in Santa Barbara County under a Joint Exercise of Powers Agreement, dated August 1991, to finance, design, construct, operate, and maintain the Coastal Branch of the SWP. In addition, CCWA owns and operates a water treatment plant and pipeline that delivers water from the SWP through the Phase II Coastal Branch to SLOCFCWCD and water users in Santa Barbara County. DWR and CCWA entered into a Joint Exercise of Powers Agreement dated October 1, 1996 (1996 Coastal Branch Maintenance Agreement), pursuant to which DWR secured CCWA assistance in connection with the construction, operation, and maintenance of the Phase II Coastal Branch, including its turnout facilities.

C. On May 27, 1992, prior to design and construction of the Phase II Coastal Branch, the SLOCFCWCD Board of Supervisors certified and adopted an Environmental Impact Report for Coastal Branch Local Distribution Lines and Facilities (EIR). The EIR addressed construction of anticipated turnout facilities needed for delivery of SWP water to SLOCFCWCD and its subcontractors, including the Shandon Turnout (Turnout) needed for water deliveries to San Luis Obispo County (County) Service Area 16.

D. On March 1, 1992, during preparation of the EIR, the County entered into a Water Treatment Agreement with CCWA and a Water Supply Agreement with SLOCFCWCD, on behalf of County Service Area 16. These agreements provided for treatment and delivery of SWP water through the Phase II Coastal Branch and Turnout.

E. In the mid-1990's, DWR performed design work for the Turnout as part of its design of the Phase II Coastal Branch. The County later elected not to construct the Turnout with the Phase II Coastal Branch. Instead, a pipeline stub was constructed to provide for future Turnout facilities. The Turnout stub is located at Station 1245+90 on a

parcel of land in the County of San Luis Obispo, California, described as Assessor's Parcel Number 017-221-003.

F. In an effort to reinstate activation of the Turnout, the County entered into a Utility Reimbursement Agreement for Design Services with CCWA on August 28, 2012 (Design Services Agreement), whereby CCWA was to update the existing DWR contract documents for the design of the Turnout.

G. On November 7, 2012, SLOFCWCD updated the EIR with an Addendum that specifically addressed all potential impacts for the Turnout that had arisen since the preparation of the original EIR.

H. On May 16, 2013, SLOFCWCD and CCWA entered into a Turnout Agreement with DWR attached hereto as Exhibit A and incorporated herein, pursuant to which DWR authorized SLOFCWCD and CCWA to design, construct, operate and maintain the Turnout on DWR's right of way (DWR Turnout Agreement) subject to a number of terms and conditions.

I. In accordance with the Design Services Agreement, Section II, CCWA retained AECOM as the design engineer to prepare contract documents for the project. AECOM has completed the update to the design work previously performed by DWR for the Turnout and CCWA has submitted design drawings, specifications and data (collectively, Design Documents) to DWR for its approval.

J. On _____, DWR returned a copy of the Design Documents with the notation "APPROVED FOR CONNECTION TO THE STATE WATER PROJECT," attached hereto as Exhibit B and incorporated herein (Approved Design Documents).

K. With approval of the Design Documents by DWR, CCWA's work under the Design Services Agreement is complete.

L. SLOFCWCD and CCWA now desire to clarify their respective roles in connection with the construction of the Turnout in conformance with the Approved Design Documents (Turnout Project) consistent with the DWR Turnout Agreement.

NOW THEREFORE, the parties agree as follows:

I. ASSIGNMENT OF DESIGN PLANS

CCWA shall work with AECOM to transfer ownership and the right to use any and all documents prepared by AECOM for CCWA in connection with its update to the DWR contract documents for the Turnout Project, including, without limitation, the Design Documents submitted to DWR, to SLOCFCWCD for use by SLOCFCWCD in construction of the Turnout. Construction of the Turnout Project by SLOCFCWCD shall not commence under this Agreement until transfer of use and ownership of all such Turnout Project contract documents is received by SLOCFCWCD from CCWA and AECOM.

II. CONSTRUCTION WORK

SLOCFCWCD shall procure a contractor with the requisite expertise to construct the Turnout Project through a competitive bidding process in compliance with public procurement policies, funding agency requirements and all applicable laws. SLOCFCWCD may utilize its own forces or retain a consultant to perform construction-related services during the course of the Turnout Project including, but not limited to, bidding, submittal review, construction observation, change orders, progress payments and other services.

SLOCFCWCD will manage, or retain a consultant to manage, all aspects of the construction of the Turnout Project and will control all work and require the contractor to complete all work in strict conformance with the DWR Turnout Agreement and the Approved Design Documents. Any material deviations from the Approved Design Documents must be approved in writing first by CCWA and then by DWR. SLOCFCWCD shall submit shop drawings illustrating any proposed deviation to CCWA and DWR as well. All construction within DWR's right of way shall conform to DWR's requirements for protection of the California Aqueduct and the Phase II Coastal Branch and all flow measure devices shall be DWR approved.

Prior to commencement of any construction work, SLOCFCWCD shall submit for CCWA's and DWR's approval a proposed construction schedule along with any and all manufacturer's catalogs, data, copies of certificates of competence for construction workers requiring certificates, materials certificates and test reports and any other data relevant to the construction, operation or completion of the Turnout Project. At least five (5) days prior to starting excavation on DWR's right of way, SLOCFCWCD shall take all actions set forth in Paragraph 28 of the DWR Turnout Agreement in order to locate all buried cables and underground facilities in the construction area.

Within thirty (30) days of completion of all construction work, SLOCFCWCD shall furnish to CCWA and DWR reproducible prints of as-built record drawings for the Turnout, including copies of all contract change orders and manufacturer manuals for operation and maintenance of devices and equipment. The as-built record drawings shall contain any deviations from the approved constructions plans, including changes made by contract change orders.

III. PAYMENT FOR WORK

SLOCFCWCD and the County shall enter into an agreement (County Reimbursement Agreement) whereby the County will reimburse SLOCFCWCD for any and all payments made to CCWA and guarantee all other SLOCFCWCD financial and non-financial obligations under this Agreement. The County Reimbursement Agreement, including amendments, shall be subject to CCWA's approval, which approval shall not be unreasonably withheld, conditioned or delayed and which approval is a condition precedent to SLOCFCWCD proceeding with the Turnout Project construction. SLOCFCWCD shall furnish a copy of the fully executed County Reimbursement Agreement to CCWA.

Currently, CCWA does not have funds allocated in its budget to finance the DWR-required construction observation of the Turnout Project. It is estimated that the total cost of CCWA's services will be \$10,000. SLOCFCWCD agrees to advance these costs to CCWA in order for CCWA to be able to provide the DWR-required services on the Turnout Project under this Agreement. SLOCFCWCD therefore agrees that within thirty (30) days of execution of this Agreement and subject to approval and execution of the County Reimbursement Agreement and to the assignment of the contract documents prepared by AECOM that SLOCFCWCD shall deposit the sum of \$10,000 in favor of CCWA in an interest-bearing account or trust fund in a State of California or national bank in California consistent with SLOCFCWCD's Practices and Policies.

CCWA will prepare and submit monthly progress bills to SLOCFCWCD for costs incurred not to exceed CCWA's recorded costs as of the billing date less estimated credits applicable to completed services. Payment of progress invoices not to exceed the amount of this Agreement may be made under the terms of this Agreement from the funds advanced by SLOCFCWCD to CCWA. In the event that the funds advanced are insufficient to complete the work, CCWA shall submit an invoice to SLOCFCWCD for additional monies which shall be supported by written reasonable documentation and justification. Provided that SLOCFCWCD approves of said justification and documentation, which approval shall not be unreasonably withheld, conditioned or delayed, SLOCFCWCD shall, within thirty (30) days, deposit the requested

supplemental advance in the above-referenced interest bearing account or trust fund. CCWA shall submit to SLOCFCWCD a final invoice within thirty (30) days of completion of the construction of the Turnout Project.

When all services related to the Turnout Project are completed, CCWA shall send SLOCFCWCD a final invoice for reconciliation of the total sum advanced by SLOCFCWCD. In the event that the actual and necessary cost of the work as established herein is less than the sum of money, including interest, advanced by SLOCFCWCD, CCWA agrees to refund to SLOCFCWCD the difference between the actual and necessary cost and the sum of money that was advanced. In the event that the actual and necessary cost of the services as established herein exceeds the amount of money advanced to CCWA, including interest, in accordance with the provisions of the Agreement, SLOCFCWCD will reimburse CCWA the excess costs incurred by CCWA upon receipt of an itemized bill from CCWA.

The final billing shall be in the form of an itemized statement of the total cost of CCWA's services related to the construction of the Turnout Project, less the credits provided for in this Agreement, and less any amounts covered by progress billings and payments. However, SLOCFCWCD shall not pay the final invoices which exceed the estimated cost of this Agreement without documentation of the reason for the increase of said cost from CCWA and approval of documentation by SLOCFCWCD, which shall not be unreasonably withheld.

IV. INDEMNIFICATION.

SLOCFCWCD shall defend, indemnify, and hold harmless CCWA and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from SLOCFCWCD's and its agents, consultants, contractors, officers, elected officials, directors and employees acts and omissions related to this Agreement and the construction of the Turnout Project, except CCWA shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct. Without limiting the foregoing, SLOCFCWCD expressly agrees to indemnify, defend and hold harmless CCWA against any loss, liability or reimbursement obligation arising out of any claim or action brought against CCWA by DWR based on SLOCFCWCD's or SLOCFCWCD's contractor's failure to comply with any of the obligations imposed on SLOCFCWCD under the DWR Turnout Agreement or any of the obligations set forth in the DWR Turnout Agreement and imposed on SLOCFCWCD pursuant to Section II of this Agreement.

CCWA shall defend, indemnify, and hold harmless SLOCFCWCD and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from CCWA's and its agents, consultants, officers, elected officials, directors and employees acts or omissions related to this Agreement, except SLOCFCWCD shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct.

Any consultant or contractor retained by SLOCFCWCD to perform the work on the Turnout Project described in the Agreement shall agree, in writing, to defend, indemnify, and hold harmless CCWA and its respective agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from said consultant's or contractor's performance of their services and work on the Turnout Project

V. ARBITRATION.

All claims and disputes arising under or relating to this Agreement shall be settled by binding arbitration in Santa Barbara County, California, or another location mutually agreeable to the parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact. The parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. An award of arbitration may be confirmed in a court of competent jurisdiction.

VI. INSURANCE

Any consultant or contractor retained by SLOCFCWCD to perform work on the Turnout Project, shall agree, in writing, to purchase, maintain and provide proof of insurance policies required by the DWR Turnout Agreement before commencing work on the Turnout Project. Any such consultant or contractor shall add DWR, CCWA, SLOCFCWCD and the County, and their respective officers, employees, volunteers, and agents as additional insureds on said policies. SLOCFCWCD shall immediately cease all activities with respect to this Agreement if it determines that any consultant or contractor performing work on the Turnout Project fails to carry, in full force and effect,

all required insurance policies. SLOCFCWCD shall recommence work upon any noncomplying consultant or contractor obtaining the requisite insurance policies.

VII. GENERAL CONDITIONS

If the Turnout Project is canceled or modified so as to eliminate the necessity of work by SLOCFCWCD, SLOCFCWCD will notify CCWA in writing and CCWA and SLOCFCWCD reserve the right to terminate this Agreement by Amendment. The Amendment shall provide mutually acceptable terms and conditions for terminating the Agreement, including the SLOCFCWCD's payment of all CCWA costs incurred through execution of an amendment terminating this Agreement.

This Agreement constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. This Agreement may be altered, amended or modified only by a supplemental writing executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the above parties have executed this Agreement the day and year above written.

CENTRAL COAST WATER AUTHORITY:

By: _____
Raymond A. Stokes, Executive Director

Date: _____

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT:

By: _____
Chairperson of the Board
San Luis Obispo County Flood Control
and Water Conservation District,
State of California

Date: _____

ATTEST:

By: _____

County Clerk and Ex-Officio Clerk
of the Board of Supervisors, San Luis
Obispo County Flood Control and
Water Conservation District,
State of California

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By:  _____

Deputy County Counsel

Date: July 7, 2015

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck, LLP

By: _____

Gary M. Kvistad,
Attorneys for CCWA

EXHIBIT A
DWR Turnout Agreement

State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA,
SAN LUIS OBISPO COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT, AND
CENTRAL COAST WATER AUTHORITY
FOR CONSTRUCTION, OPERATION,
AND MAINTENANCE OF THE
SHANDON TURNOUT,
A PERMANENT TURNOUT WITHIN
THE CALIFORNIA AQUEDUCT'S
COASTAL BRANCH, PHASE II RIGHT OF WAY

SWPAO # 12602

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State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA,
SAN LUIS OBISPO COUNTY FLOOD
AND WATER CONSERVATION DISTRICT, AND
CENTRAL COAST WATER AUTHORITY
FOR CONSTRUCTION, OPERATION,
AND MAINTENANCE OF THE
SHANDON TURNOUT,
A PERMANENT TURNOUT WITHIN
THE CALIFORNIA AQUEDUCT'S
COASTAL BRANCH, PHASE II RIGHT OF WAY

SWPAO #12602

THIS AGREEMENT is made this 16th day of May, 2013, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, among the Department of Water Resources of the State of California, hereinafter called "DWR", San Luis Obispo County Flood Control and Water Conservation District, hereinafter called "SLOCFCWCD", and Central Coast Water Authority, hereinafter called "CCWA".

RECITALS

- A. DWR is authorized to construct, operate, and maintain facilities for the storage and conveyance of water, certain of which facilities will make water available to SLOCFCWCD's service area.
- B. SLOCFCWCD has contracted with DWR for State Water Project (SWP) water service and other water deliveries pursuant to a long-term water supply contract dated February 26, 1963, and as subsequently amended. SWP supplies are not the sole source of water for SLOCFCWCD.
- C. CCWA is a public entity organized in Santa Barbara County under a Joint Exercise of Powers Agreement, dated August 1991, to finance, design, and construct, operate, and maintain the Coastal Branch, Phase II. In addition, CCWA owns and operates a water treatment plant and pipeline that delivers water from the SWP through the Coastal Branch, Phase II to SLOCFCWCD and to water users in Santa Barbara County. DWR and CCWA entered into a Joint Exercise of Power Agreement (1996 Coastal Branch Maintenance Agreement) dated October 1, 1996, which obtained CCWA assistance in the construction, operation, and maintenance relating to the Coastal Branch, Phase II, including turnouts. The 1996 Coastal Branch Maintenance Agreement was amended in 2006 to extend its terms to December 1, 2016, and has been attached to this agreement as Exhibit A.
- D. During the design of the Coastal Branch, Phase II, in the mid-1990's, DWR and SLOCFCWCD anticipated future water deliveries along the Coastal Branch route and planned for future turnout facilities at those locations by providing turnout stubs. One of these stubs was provided at Milepost 38.23. In addition, at the time of designing the Coastal Branch, Phase II, DWR also performed design work for a future turnout at Milepost 38.23 and has made this design work available to SLOCFCWCD and CCWA for their use.
- E. Under the long-term water supply contract between DWR and SLOCFCWCD, SLOCFCWCD has the authority to request the installation of turnout facilities on the Coastal Branch, Phase II. SLOCFCWCD has requested the installation of a permanent turnout facility at Milepost 38.23, Reach 33B, of the Coastal Branch, Phase II, hereinafter referred to as the "Shandon Turnout," and has further requested the assistance of CCWA to design, construct, and maintain this turnout as described in this Agreement.
- F. DWR is willing to permit SLOCFCWCD and CCWA to design, construct, operate, and maintain on DWR's right of way, the Shandon Turnout subject to all the terms and conditions contained in this Agreement.

- G. In anticipation of future water deliveries to Shandon and other communities along the Coastal Branch route, SLOCFCWCD prepared the State Water Project Coastal Branch (Phase II) Local Distribution Lines and Facilities Environmental Impact Report (EIR) in the early 1990's. The EIR was certified and adopted by the SLOCFCWCD Board of Supervisors on May 27, 1992. On November 7, 2012, SLOCFCWCD updated the EIR with an Addendum, which specifically addressed all potential impacts for the Shandon Turnout that have arisen since the preparation of the original EIR. In continuation of these efforts to implement the Shandon Turnout, SLOCFCWCD will act as the lead agency responsible for CEQA compliance. DWR, as a responsible agency, has considered all of these documents prior to entering into this Agreement.

AGREEMENT

STANDARD PROVISIONS

DWR, SLOCFCWCD, and CCWA agree as follows:

1. **DESCRIPTION AND LOCATION**

The Shandon Turnout, as constructed by SLOCFCWCD and CCWA, will be located at approximately Milepost 38.23 in Reach 33B of the California Aqueduct's Coastal Branch and will consist of a valve vault with appropriately designed and DWR-approved automated and manual valves, a meter, communications equipment, and miscellaneous appurtenances on DWR's right of way. The design capacity of the turnout varies from 0 to approximately 3.5 cubic feet per second (cfs) depending on the SWP's operating conditions. A schematic of the Shandon Turnout is attached as Exhibit B.

2. **RIGHTS OF ACCESS**

In addition to access rights CCWA has under the 1996 Coastal Branch Maintenance Agreement, DWR grants to SLOCFCWCD and CCWA permission to enter upon DWR's right of way of the California Branch, Phase II situated in San Luis Obispo County, California, to construct the Shandon Turnout facility at Milepost 38.23 of the California Aqueduct's Coastal Branch, Phase II. The right of access is limited to that portion of DWR's right of way at Milepost 38.23 of the California Branch as is reasonably necessary to construct the facilities. SLOCFCWCD's and CCWA's access shall not be conducted in any way that would interfere with DWR activities in DWR's right of way. DWR shall have right of access at all times to the Shandon Turnout facilities, including the meter vault and related communications equipment and data, constructed under this Agreement for the purposes of observation, inspection, operation, and maintenance.

3. **COSTS AND INVOICING**

SLOCFCWCD is responsible for and shall pay all costs incurred by DWR, which in the opinion of DWR are properly attributable to the work authorized under this Agreement. SLOCFCWCD agrees to pay DWR as invoiced.

(a) Costs shall include, but are not limited to, one or more of the following:

- (1) Costs incurred by DWR under Article 23 of this Agreement.
- (2) Actual on-site inspection of the construction area by DWR, including salaries, travel expenses, and other incidental costs of such inspection.
- (3) Any operation and maintenance costs of the permanent Shandon Turnout incurred by DWR.

- (4) All other authorized costs incurred by DWR and not otherwise covered by or through any activities under (1), (2), or (3) above.
- (b) DWR will invoice for costs, or refund any excess payments, to SLOCFCWCD under one or more of the following methods or conditions:
 - (1) DWR may submit advance billing invoices to SLOCFCWCD with details identifying expected tasks for payment of estimated costs prior to DWR initiating any work as requested by CCWA or SLOCFCWCD for construction of the Shandon Turnout or other authorizing activities.
 - (2) DWR may submit interim or advance billings to SLOCFCWCD by one or more invoices for additional estimated or actual costs.
 - (3) DWR will invoice final billing costs within 90 days of issuance of the formal Statement of Acceptance of the Shandon Turnout described in Article 29 of this Agreement.
 - (4) DWR will promptly refund any excess payment resulting from the advance or interim billings; or in the event a deficiency results, DWR will invoice SLOCFCWCD for the extra costs.
 - (5) DWR will invoice SLOCFCWCD for any costs of operations and maintenance, as necessary, after completion of the Shandon Turnout construction.
- (c) All DWR invoices for costs incurred under this Agreement will become due and payable within 30 days after the date of the invoice. Unpaid amounts of such costs will become delinquent starting the day after the due date, and interest shall accrue thereon at a rate of 1 percent per month until the payment date.

4. OWNERSHIP, OPERATIONS, AND MAINTENANCE OF FACILITIES

Upon DWR's issuance of the formal Statement of Acceptance of the Shandon Turnout described in Article 29 of this Agreement, all facilities constructed, and all devices and equipment installed within DWR's right of way under this Agreement, shall be owned by DWR. The point where ownership reverts to SLOCFCWCD is the pipeline immediately beyond DWR's right of way. CCWA shall be responsible for operation, maintenance, and repairs, including all costs, of the Shandon Turnout and the pipeline within DWR's right of way, as provided in the 1996 Coastal Branch Operations Agreement and shall have access to such right of way for such purposes subject to the terms of that Agreement. DWR's operation and maintenance activities may include future installation of additional or replacement devices and equipment, and any operation,

maintenance, repair, or other activity related to the Coastal Branch, Phase II, or as deemed necessary by DWR.

5. DWR'S RESERVATION OF RIGHTS

SLOCFCWCD and CCWA will perform all work associated with the construction of the Shandon Turnout. However, DWR reserves the right at any time to perform or cause the performance of work of any nature by other contractors or their forces at or near the site of the Shandon Turnout and associated facilities. SLOCFCWCD shall cooperate or require CCWA to cooperate with such contractors or their forces, conduct their operations in such a manner as not to cause any unnecessary delay or hindrance to the other contractors work, and adjust and coordinate their work with the other contractors so as to permit proper completion of all work in the area. When DWR, SLOCFCWCD, CCWA, or any contractors or subcontractors are performing work on related or adjacent work, or are using the same material sources, storage area, or disposal area, SLOCFCWCD and CCWA shall be responsible jointly and severally to DWR's forces and other contractors or subcontractors for any injury, damage, or loss caused by the operations of SLOCFCWCD or CCWA, or by their unnecessary delay or hindrance of DWR's forces or contractors' or subcontractors' work.

6. CONTRACTING OFFICER OF DWR

DWR's contracting officer shall be the Director of the Department of Water Resources of the State of California, or an authorized representative of the Director. The contracting officer shall be responsible for all discretionary acts, opinions, judgments, approvals, reviews, and determinations required of DWR under the terms of this Agreement.

7. COASTAL BRANCH, PHASE II, PROTECTION

Protection and maintenance of the integrity of the California Branch, Phase II, shall be the primary concern of all parties to this Agreement in all activities related to the construction, operation and maintenance of the Shandon Turnout. If, in the judgment of DWR, any occurrence threatens the integrity of the Coastal Branch, Phase II, during the construction, operation and maintenance of the Shandon Turnout, DWR may order the activity halted immediately and SLOCFCWCD shall, or shall require CCWA, at its sole cost, to restore the site to a condition that DWR determines to be necessary or take other action that DWR determines to be necessary to protect the facilities of the Coastal Branch, Phase II. DWR shall have the option to perform any protective work directly with its own resources and to be reimbursed by SLOCFCWCD for all costs incurred in doing so.

8. FENCES AND GATES

All fences and gates constructed on DWR's right of way by SLOCFCWCD or CCWA shall be approved by DWR and kept in good repair by CCWA until the facilities are accepted by DWR. After DWR's written acceptance of the completed turnout, as described in Article 29 of this Agreement, the gates and

fences shall become the property of DWR and be maintained by DWR or by CCWA under the 1996 Coastal Branch Maintenance Agreement. DWR, SLOCFCWCD, and CCWA shall keep gates closed and locked except when in actual use. SLOCFCWCD shall provide, or require CCWA to provide, DWR with keys to each lockable gate constructed by SLOCFCWCD or CCWA. In the event CCWA does not complete the required work pursuant to this Article, SLOCFCWCD shall be responsible for completing the work.

9. WATER POLLUTION

SLOCFCWCD shall, or shall require that CCWA, not store or discard material capable of water pollution on lands or water covered by this Agreement except within protected areas approved by DWR. SLOCFCWCD and/or CCWA shall store such material in a manner as to prevent its discharge.

10. REASONABLE CARE

SLOCFCWCD and CCWA shall exercise reasonable care in performance under this Agreement to make certain SWP facilities are not impaired or damaged.

11. REPAIRS

SLOCFCWCD and CCWA shall remedy, jointly and severally, any actual or threatened impairment or damage to DWR's facilities, or DWR's right of way, caused by SLOCFCWCD or CCWA's exercise of any of the rights under this Agreement, including any abandoned work, and any and all impairment or damage to DWR facilities which would not have occurred had such work not been done, or facilities not been constructed, pursuant to this Agreement. In the event SLOCFCWCD and/or CCWA fails to undertake such repair or removal, or elects to have DWR undertake such repair or removal, DWR, after giving reasonable notice to SLOCFCWCD, may arrange for the necessary repair or removal, and SLOCFCWCD shall reimburse DWR the full cost of such repair or removal. DWR may require an advance deposit sufficient to pay the estimated cost of the repair or removal prior to its performance and SLOCFCWCD shall furnish this deposit upon request.

12. NOTICES

Unless otherwise provided in this Agreement, all notices that are required either expressly or by implication to be given by any one party to any or all other parties under this Agreement, shall be signed for DWR by, or on behalf of, its contracting officer, and for SLOCFCWCD and CCWA by such officer(s) as may, from time to time, be authorized in writing to so act. All communications or notices in connection with this Agreement shall be deemed to have been given if delivered personally or if enclosed in a properly addressed and stamped envelope and deposited with the U.S. Postal Service for delivery by registered or certified mail with return receipt requested. Facsimile or electronic mail will be accepted as long as it is immediately followed by a written, signed notice by U.S. mail, postage prepaid. Except as otherwise provided in this Agreement, and until formally notified of a change, the parties shall send all notices to the other parties

at the addresses as shown below:

Chief, State Water Project Analysis Office
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

Public Works Director
Public Works Department
San Luis Obispo County Flood Control and Water Conservation District
County Government Center, Room 207
1050 Monterey Street
San Luis Obispo, California 93408-0002

Executive Director
Central Coast Water Authority
255 Industrial Way
Buellton, California 93427-9565

13. LIABILITY

SLOCFCWCD and CCWA, their agents, employees, and contractors, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of DWR. DWR assumes no liability for the activities of SLOCFCWCD or CCWA in performance of this Agreement, including uses of data generated at the Shandon Turnout. SLOCFCWCD and CCWA are responsible, jointly and severally, for all liability including, but not limited to, personal injury or property damage that may arise out of the facilities constructed or rights exercised pursuant to this Agreement, or which may arise out of SLOCFCWCD's or CCWA's actions under this Agreement, excepting only such injury, damage, or loss caused by the sole negligence or willful misconduct of DWR, or its officers or employees. In no event shall DWR or any of its officers, agents or employees be liable for any damage, direct or indirect, arising from shortages in the amount of water to be made available for delivery to SLOCFCWCD. In the event any claim of liability for which SLOCFCWCD or CCWA is responsible, is instituted against DWR, or any department, officer, or employee thereof, SLOCFCWCD and CCWA shall defend, indemnify, and hold DWR, or any department, officer, or employee harmless from such claim.

14. INSURANCE DURING OPERATION AND MAINTENANCE

All requirements for insurance during the operation and maintenance of the Shandon Turnout shall be governed by paragraph 17 of the 1996 Coastal Branch Maintenance Agreement.

15. OPINIONS AND DETERMINATIONS

Where the terms of this Agreement provide for action to be based upon the opinion, judgment, approval, review, or determination of any party hereto, such

terms are not intended to be, and never shall be, construed as, permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

16. COMPLIANCE WITH ALL LAWS

In exercising rights under this Agreement, SLOCFCWCD and CCWA, at their cost, shall be responsible for complying with all applicable laws and regulations, including but not limited to: the California Environmental Quality Act, the Federal and California Endangered Species Acts, Fish and Game Code sections 1602-1603, the Clean Water Act, the California Occupational Safety and Health Act, and for securing any required consent, permit, or order required thereof. At the request of DWR, SLOCFCWCD or CCWA shall provide written proof that such consent, permit, or order was properly obtained. In the event SLOCFCWCD or CCWA fails to comply with applicable laws or to secure required permits, DWR may terminate this Agreement.

17. PRIOR RIGHTS

This Agreement is subject to all prior rights contained in unexpired permits, agreements, easements, or other prior rights whether recorded or unrecorded to the real property affected by this Agreement. SLOCFCWCD and CCWA shall make their own arrangements with holders of such prior rights.

18. WAIVER OF RIGHTS

Any waiver at any time by any party hereto of its rights with respect to a default or any other matter arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other default or matter.

19. WAIVER OF DAMAGE CLAIMS

SLOCFCWCD and CCWA agree to waive all claims for possible future damage to facilities constructed pursuant to this Agreement due to DWR's actions, unless the damage to the Shandon Turnout facilities results from the sole negligence or willful misconduct of DWR, or its officers or employees.

20. SUCCESSORS AND ASSIGNS OBLIGATED

This Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties hereto.

21. ASSIGNMENT

No assignment or transfer of this Agreement or any part hereof, rights hereunder, or interest herein, by SLOCFCWCD or CCWA shall be valid unless and until the assignment or transfer is approved in writing by DWR and made subject to such reasonable terms and conditions as DWR may require.

22. MAINTENANCE AND INSPECTION OF BOOKS, RECORDS, AND REPORTS

During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and make copies of any books,

records, and reports of the other party pertaining to this Agreement or matters related thereto. Each of the parties hereto shall maintain and make available for such inspection accurate records of all its costs, disbursements, receipts and deliveries with respect to its activities under this Agreement.

PRECONSTRUCTION PHASE

23. **DRAWINGS, SPECIFICATIONS, AND DATA**

To satisfy DWR's requirements for protection of the California Aqueduct, Coastal Branch, Phase II, and to ensure the flow measurement, control devices, and related equipment shall meet DWR's accuracy and operational requirements, SLOCFCWCD or CCWA shall furnish design drawings, specifications, data, or calculations as requested by DWR, and any addenda or any substantial changes to such drawings, specifications, and data to DWR for written approval prior to performance of any work pursuant to this Agreement. At their election, SLOCFCWCD and CCWA may use any drawings, specifications, data, and calculations previously prepared by DWR for the Shandon Turnout and furnished to them. All of SLOCFCWCD's or CCWA's drawings and specifications or those furnished to them by DWR shall be prepared and approved by a registered Professional Engineer as defined in Section 6701 of the California Business and Professions Code. SLOCFCWCD or CCWA shall submit changes on drawings in the same manner as the original design drawings are submitted. Such drawings, specifications, and data shall be submitted in a sequence that will allow their review and approval in an orderly and timely manner. Ten legible prints of each drawing and ten sets of specifications and data shall be furnished to DWR. Specifications, data, and drawings shall be submitted to:

Chief, State Water Project Analysis Office
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

DWR shall notify SLOCFCWCD and CCWA in writing of its approval or disapproval of such drawings, specifications, and data. One print of each drawing, and one copy of the specifications and data, will be returned to SLOCFCWCD and CCWA marked "APPROVED FOR CONNECTION TO THE STATE WATER PROJECT," "APPROVED AS NOTED FOR CONNECTION TO THE STATE WATER PROJECT," or "DISAPPROVED." SLOCFCWCD or CCWA shall not commence construction of any facilities on DWR's right of way for which the drawings, specifications, and data have not been approved by DWR.

SLOCFCWCD shall, or shall have CCWA, submit for DWR's approval a proposed construction schedule, manufacturers' catalogs, data, copies of certificates of competence for construction workers requiring certificates,

materials certificates, and test reports. SLOCFCWCD shall, or shall have CCWA, also submit for DWR's approval any shop drawings which change or considerably affect items previously approved in the plans and specifications.

DWR's approval of any drawings, specifications, or data shall not subject DWR to any liability nor shall such action modify SLOCFCWCD's and CCWA's liability under Article 13 of this Agreement. Upon completion of the facilities to be constructed pursuant to this Agreement, and prior to DWR's written acceptance of the work described in Article 29 of this Agreement, SLOCFCWCD shall, or shall require CCWA to, furnish to DWR, within 30 days of project completion, reproducible prints of as-built drawings for the Shandon Turnout facilities constructed on DWR's right of way, including copies of all contract change orders and manufacturer manuals for operation and maintenance of devices and equipment. These as-built plans shall contain any deviations from the approved construction plans, including changes made by contract change orders.

CONSTRUCTION PHASE

24. INSURANCE DURING CONSTRUCTION

- (a) Throughout the period of construction on DWR's right of way under this Agreement, and continuing until DWR's formal Statement of Acceptance as described in Article 29 of this Agreement, SLOCFCWCD shall maintain and furnish, or require CCWA to maintain and furnish, to DWR evidence of insurance against all claims and liability for which SLOCFCWCD or CCWA may be liable under this Agreement and include DWR, its officers, and employees named as additional insureds in:
 - (1) Liability insurance policies with limits of not less than \$5,000,000 for each occurrence and aggregate. The policies are to provide coverage for premises operations, products/completed operations, personal/advertising injury, and independent contractors. The required coverage and limits can be provided with a combination of general liability and umbrella/excess liability policies. Umbrella or excess liability policies shall contain a clause stating the coverage takes effect (drops down) in the event the primary limits are impaired or exhausted. The aggregate limits provided by the policies shall apply on a per location or per project basis.
 - (2) Auto liability with a limit of no less than \$1,000,000 for each accident. Coverage shall be for all owned, hired, and non-owned autos.
 - (3) Workers' compensation insurance that satisfies California statutory limits and with employers' liability of no less than \$1,000,000. The workers' compensation policy shall include a waiver of subrogation

in favor of the State.

- (b) Such policy/policies shall not contain any provision against cross liability between named insureds, but shall include a 45-day notice provision for termination by the insurer of such policy/policies. SLOCFCWCD and CCWA shall provide certificate(s) to DWR for the policy/policies upon execution of this Agreement. SLOCFCWCD and CCWA shall provide the additional insured endorsements for the liability and auto policies, and the workers' compensation waiver of subrogation endorsement, shall be provided with the certificates.
- (c) Any policy/policies containing deductibles or providing self-insurance must be agreed to in advance by DWR.
- (d) Such insurance coverage shall be in effect at all times from the filing of the notice of entry for construction to DWR's formal Statement of Acceptance, and DWR will not be responsible for any premiums, deductibles, or assessments on the policies. In the event such insurance coverage expires at any time prior to DWR's formal Statement of Acceptance, SLOCFCWCD or CCWA shall file with DWR at least 45 days prior to such date of expiration, a new certificate of insurance evidencing coverage as provided for herein. New certificates of insurance shall be subject to approval by DWR for compliance with the terms of this Agreement. Such approval shall be conclusively presumed in the absence of written objection by DWR, and received by SLOCFCWCD or CCWA within 30 days after the date of filing of this new certificate. In the event insurance coverage lapses prior to DWR's formal Statement of Acceptance, DWR may, in addition to any other remedies it may have, terminate this Agreement. For all activities performed under this Agreement, in which SLOCFCWCD and/or CCWA are liable, SLOCFCWCD and/or CCWA shall be liable for the full amount even if the amount of liability exceeds the amount of the insurance policy maximum.

25. NOTICE OF ENTRY FOR CONSTRUCTION

SLOCFCWCD and/or CCWA shall notify DWR in writing at least seven days prior to entering upon any portion of DWR's right of way. SLOCFCWCD's and/or CCWA's notice shall include the estimated start date of construction, the names and telephone numbers of SLOCFCWCD's and/or CCWA's contractors responsible for the construction work, and the names and telephone numbers of SLOCFCWCD's or CCWA's field representatives, who will be available at the site. Notice shall be sent to the following DWR representative:

Chief, San Joaquin Field Division
Department of Water Resources
Post Office Box 79398
Bakersfield, California 93381-9398

If there are any changes in the notice of entry such as dates or names, SLOCFCWCD and/or CCWA shall notify the Chief of the San Joaquin Field Division of the changes, at (661) 858-5554, before entering DWR's right of way under this Agreement, or immediately if entry has already occurred.

26. STANDARDS OF CONSTRUCTION

All construction within DWR's right of way shall conform to DWR's requirements for protection of the California Aqueduct and the Coastal Branch, Phase II, and to requirements for DWR-approved flow measuring devices and shall be performed to the satisfaction of DWR.

27. WARNING DEVICES

SLOCFCWCD shall, or require that CCWA shall, furnish, erect and maintain fences, barriers, lights, and signs and provide flag-persons or guards as are reasonably necessary to protect persons and property from the construction of the facilities pursuant to this Agreement. Adequate warning shall be provided by SLOCFCWCD or CCWA of any dangerous condition to be encountered as a result thereof or as a result of any right exercised or duty performed under this Agreement.

28. LOCATION OF CONTROL CABLE

At least five days prior to starting excavation on DWR's right of way, SLOCFCWCD shall, or require that CCWA shall, contact (a) Underground Service Alert (USA) at (800) 227-2600 to locate the buried cable(s) and underground facilities in the construction area, and (b) DWR's San Joaquin Field Division's Engineering Branch Supervisor at (661) 858-5554. SLOCFCWCD or CCWA shall not excavate until the cable(s) and underground facilities have been located. The cable(s) shall be located and exposed only through the use of hand held tools. The presence of a DWR representative shall be required during the cable exposure process. SLOCFCWCD or CCWA shall show any cables and underground facilities encountered during construction of the turnout on the as-built drawings submitted by SLOCFCWCD or CCWA.

29. INSPECTION AND ACCEPTANCE

All of the construction authorized by this Agreement shall be subject to inspection by DWR for conformity with the approved drawings and specifications, for protection of DWR's property, and for avoidance of any interference with DWR's construction, operation, and maintenance of the area. Inspection shall be performed in such manner as not to delay construction unnecessarily. DWR will assign an inspector and will furnish his/her name and address to SLOCFCWCD and CCWA. DWR's requirements concerning the approved drawings and specifications shall not be waived by either the inspection or the lack of inspection of any portion of such construction, nor the presence or absence of DWR's inspector during such construction. DWR may notify SLOCFCWCD to halt construction in the event that construction does not conform to DWR's

requirements. SLOCFCWCD shall halt, or require CCWA to halt, construction immediately upon receipt of notification. DWR will allow SLOCFCWCD and/or CCWA to resume construction after it has met DWR's requirements. SLOCFCWCD and/or CCWA shall provide inspection of the construction by a registered Professional Engineer as defined in Section 6701 of the California Business and Professions Code. An inspection will be performed by DWR's representative after SLOCFCWCD and CCWA have completed construction and site restoration.

DWR will forward a formal Statement of Acceptance to SLOCFCWCD and CCWA when all of the following conditions are met:

- (a) DWR finds the facilities constructed by SLOCFCWCD and CCWA are satisfactory;
- (b) SLOCFCWCD and CCWA have submitted to DWR a set of reproducible as-built drawings within 30 days of project completion that have been stamped and signed by the Professional Engineer; and
- (c) SLOCFCWCD and CCWA have submitted to DWR all related documents pursuant to Article 23 of this Agreement.

Inspections and acceptance conducted by DWR under this Article shall not subject DWR to any liability, nor shall such actions modify or qualify SLOCFCWCD's and CCWA's liability under Article 13 of this Agreement.

30. BORROW, WASTE, AND STOCKPILING

Only such borrow, waste, and stockpiling by SLOCFCWCD and CCWA will be permitted as shown on drawings and specifications submitted to and approved by DWR's San Joaquin Field Division's Engineering Branch Supervisor or his/her delegated representative.

31. DRAINAGE

If the work herein contemplated interferes with established drainage, SLOCFCWCD and/or CCWA shall provide for alternative drainage during construction and shall restore existing drainage after completion of each construction phase in the area as directed by DWR.

32. BACKFILL

SLOCFCWCD and CCWA shall ensure that all backfill be moistened as necessary and thoroughly compacted to a relative compaction equal to or greater than that of the material excavated or as otherwise required by the approved drawings or specifications.

33. CLEANUP AFTER CONSTRUCTION

Upon completion of any work pursuant to this Agreement, SLOCFCWCD and/or

CCWA shall restore DWR's right of way to a presentable condition as approved by DWR. In the event SLOCFCWCD and/or CCWA fails to restore the affected site to a presentable condition approved by DWR, DWR may do the work or cause the work to be done, and SLOCFCWCD shall reimburse DWR the full cost of the restoration.

34. FAILURE TO BEGIN CONSTRUCTION-SITE RESTORATION

In the event that CCWA fails to begin construction authorized by this Agreement for a continuous period of two years after DWR's approval of drawings and specifications, or fails, neglects, or refuses to comply with any of the conditions herein, all rights of SLOCFCWCD and CCWA described herein shall terminate upon 60 days notice by DWR. In the event CCWA abandons any of such construction for a continuous period of 3 months, upon 30 days' notice from DWR, CCWA shall begin to restore the affected site to a condition approved by DWR. If CCWA fails to restore the affected site to a condition approved by DWR within 90 days after the notice, DWR may do the work or cause the work to be done, and SLOCFCWCD shall reimburse DWR the full cost of the restoration.

35. PERMANENT INTAKE

DWR will provide SLOCFCWCD and CCWA with at least 45 days advance notice of plans to cease flows in that portion of the California Branch, Phase II, in the vicinity of the Shandon Turnout for a period of time that DWR considers sufficient to allow the construction and tie in of the approved permanent delivery structure. SLOCFCWCD and CCWA shall construct and tie in the permanent delivery structure during the time the water flow is ceased.

36. NO IMPACT ON OTHER SWP CONTRACTORS

This Agreement shall not be administered or interpreted in any way that would cause adverse impacts on the allocations or deliveries of SWP approved Table A water, SWP Article 21 water, or on SWP operations or facilities serving other SWP water supply contractors.

37. ENVIRONMENTAL CLEARANCE

SLOCFCWCD shall, or require that CCWA shall, not enter the site for construction until after receiving notice that the site has been inspected by a DWR environmental specialist for possible environmental problems and for compliance with required mitigation measures. If threatened or endangered species are found, DWR shall consult with the California Department of Fish and Game or the U.S. Fish and Wildlife Service and seek an agreement for the relocation of the species. DWR shall charge mitigation costs to SLOCFCWCD or CCWA as turnout costs under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

Approved as to legal form
and sufficiency:

**STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES**

Cathy Crothers

DCA Chief Counsel
Department of Water Resources

Robert B. Cooke

Robert B. Cooke, Chief
State Water Project Analysis Office

Date 5-13-13

Date 5/16/13

**SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION
DISTRICT:**

By: *Paula A. Zeigler* Date: 4/02/2013

Chairperson of the Board
County of San Luis Obispo
State of California

ATTEST:
JULIE L. RODEWALD

By: *Wanda Currens, Deputy Clerk* Date: 4/02/2013

County Clerk and Ex-Officio Clerk
of the Board of Supervisors
County of San Luis Obispo
State of California

APPROVED AS TO FORM AND LEGAL EFFECT:
RITA L. NEAL
County Counsel

By: *[Signature]* Date: Mar 12, 2013

Deputy County Counsel

CENTRAL COAST WATER AUTHORITY


Name


Title

Date 
Date

STANDARD AGREEMENT—

APPROVED BY THE
ATTORNEY GENERAL

STD. 2 (REV. 3-91)

2202

A2
C1

CONTRACT NUMBER B-80976	AM. NO.
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER	

THIS AGREEMENT, made and entered into this 1st day of October, 1996,
in the State of California, by and between State of California, through its duly elected or appointed, qualified and acting

TITLE OF OFFICER ACTING FOR STATE <u>Director</u>	AGENCY <u>Department of Water Resources</u>
--	--

hereafter called the State, and

CONTRACTOR'S NAME
Central Coast Water Authority, hereafter called the Contractor.

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials as follows: (Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)

See attached

JOINT EXERCISE OF POWERS AGREEMENT
BETWEEN THE DEPARTMENT OF WATER RESOURCES,
STATE OF CALIFORNIA, AND THE CENTRAL COAST WATER AUTHORITY
RELATING TO THE OPERATION AND MAINTENANCE OF
THE COASTAL BRANCH, PHASE II

CONTINUED ON _____ SHEETS, EACH BEARING NAME OF CONTRACTOR AND CONTRACT NUMBER.

The provisions on the reverse side hereof constitute a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by the parties hereto, upon the date first above written.

STATE OF CALIFORNIA		CONTRACTOR	
AGENCY <u>Department of Water Resources</u>	CONTRACTOR (If other than an individual, state whether a corporation, partnership, etc.) <u>Central Coast Water Authority</u>		
BY (AUTHORIZED SIGNATURE) <u>[Signature]</u>	BY (AUTHORIZED SIGNATURE) <u>[Signature]</u>		
PRINTED NAME AND TITLE OF PERSON SIGNING <u>David N. Kennedy</u>	PRINTED NAME AND TITLE OF PERSON SIGNING <u>H. Wayne Barbarick, Vice Chairman</u> <u>Robert Puddicombe, Chairman</u>		
TITLE <u>Director</u>	ADDRESS <u>255 Industrial Way</u> <u>Buellton, CA 93427-9565</u>		
AMOUNT ENCUMBERED BY THIS DOCUMENT <u>\$</u>	PROGRAM/CATEGORY (CODE AND TITLE)	FUND TITLE	Department of General Services Use Only NOV 5 1996 <u>[Signature]</u> Asst. Chief Counsel
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT <u>\$</u>	(OPTIONAL USE)		
TOTAL AMOUNT ENCUMBERED TO DATE <u>\$</u>	ITEM	CHAPTER	
	STATUTE	FISCAL YEAR	
OBJECT OF EXPENDITURE (CODE AND TITLE)			
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		T.B.A. NO.	B.R. NO.
SIGNATURE OF ACCOUNTING OFFICER <u>[Signature]</u>		DATE	

☐ CONTRACTOR ☐ STATE AGENCY ☐ DEPT. OF GEN. SER. ☐ CONTROLLER ☐

**JOINT EXERCISE OF POWERS AGREEMENT
BETWEEN THE DEPARTMENT OF WATER RESOURCES,
STATE OF CALIFORNIA, AND THE CENTRAL COAST WATER AUTHORITY
RELATING TO THE OPERATION AND MAINTENANCE OF
THE COASTAL BRANCH, PHASE II**

WHEREAS, the Department of Water Resources, hereinafter referred to as "State," is responsible for constructing, operating, and maintaining the State Water Project, which includes the Coastal Branch, Phase II, of the California Aqueduct, hereinafter referred to as "Coastal Project" and which is defined in paragraph 1(a) of this Agreement; and

WHEREAS, Santa Barbara County Flood Control and Water Conservation District, hereinafter referred to as "SBCFCWCD," has contracted with State for the delivery of water through the Coastal Project under a long-term water supply contract dated February 26, 1963, hereinafter referred to as "SBCFCWCD water supply contract;" and

WHEREAS, San Luis Obispo County Flood Control and Water Conservation District, hereinafter referred to as "SLOCFCWCD," has contracted with State for the delivery of water through the Coastal Project under a water supply contract dated February 26, 1963, hereinafter referred to as "SLOCFCWCD water supply contract" and collectively with the SBCFCWCD water supply contract as "water supply contracts;" and

WHEREAS, SBCFCWCD and SLOCFCWCD are contractually obligated to pay for one hundred percent (100%) of all costs (except to the extent contributions are made by other water contractors as part of the Water System Revenue Bond Surcharge) for the construction, operation, and maintenance of the Coastal Project downstream of Tank 1; and

WHEREAS, the Central Coast Water Authority, hereinafter referred to as "Authority," is a public entity organized in Santa Barbara County under a Joint Exercise of Powers Agreement, dated August 1991, to finance, design, construct, operate, and maintain a pipeline extension of the Coastal Project; and

WHEREAS, the Authority is formed by entities that hold the majority of the retained rights in the SBCFCWCD water supply contract under certain water supply retention agreements with SBCFCWCD specifying the entities' rights and obligations pertaining to the water supplied to SBCFCWCD under the SBCFCWCD water supply contract; and

WHEREAS, the Authority represents a consortium of thirteen local agencies in Santa Barbara County participating in the Coastal Project and, in addition, will treat the Coastal Project water for delivery to SBCFCWCD and SLOCFCWCD; and

WHEREAS, the Authority has entered into an agreement dated November 12, 1991 with SBCFCWCD, which specifies the Authority's responsibility for implementing the State Water Project in Santa Barbara County; and

WHEREAS, the Authority has financed, and its contractors have designed, constructed, and will operate and maintain, a water treatment plant at Polonio Pass in Reach 1 of the Coastal Project, additional water quality related facilities to be located along the Coastal Project downstream of the Treatment Plant, and a local pipeline extension commencing at the terminus of Reach 6 of the Coastal Project; and

WHEREAS, the Authority has a substantial financial interest in assuring that the Coastal Project will be operated and maintained in a cost effective manner, inasmuch as the Authority and its water customers will be paying more than ninety percent of the costs of the Coastal Project; and

WHEREAS, the Authority is qualified to provide assistance to State in the operation and maintenance of the Coastal Project and will perform similar activities for its local extension to the Coastal Project; and

WHEREAS, consistent with the State's authority and responsibility to operate and maintain the Coastal Project downstream from the Treatment Plant, State has determined it to be in the best interest of the State to enter into this Joint Exercise of Powers Agreement to obtain the Authority's assistance in the operation and maintenance of the Coastal Project; and

WHEREAS, the SBCFCWCD and SLOCFCWCD each support the Authority assisting the State in operation and maintenance of the Coastal Project.

NOW, THEREFORE, the State and Authority agree as follows:

1. Definitions

For the purposes of this Agreement, the following definitions shall apply:

a. "Coastal Project" shall be defined to mean all facilities and property of the Coastal Branch, Phase II, of the California Aqueduct owned by the State between Valve 7 of the Tank 1 site and the terminus of Reach 6, including but not limited to (1) all pipelines, tanks, valves, turnouts, meters, blow-off structures, cathodic protection units, access structures, communication systems, emergency generators and ancillary structures and facilities, and (2) real property and rights of way, including but not limited to, pipeline easements, utility easements, and vehicular and pedestrian access.

b. "Operation and maintenance" shall mean "ordinary operation and maintenance" and "emergency maintenance" as defined in this paragraph.

c. "Ordinary operation and maintenance" shall mean the necessary operation and maintenance activities performed on the Coastal Project, which are typically performed on a pipeline system transporting treated water and on the right of way used for the pipeline system, including minor repair, replacement, or reconstruction of existing facilities. Such activities include, but are not limited to, those described in Exhibit A.

d. "Emergency maintenance" shall mean those maintenance activities, including minor repair, replacement, or reconstruction of existing facilities, carried out on the Coastal Project in response to a sudden, unexpected occurrence, involving loss or damage or threat of loss or damage to the Coastal Project, life, property, wildlife, or essential public services.

Authority to Perform Ordinary Operation and Maintenance

a. Subject to the provisions of this Agreement, the Authority shall perform the ordinary operation and maintenance activities for the Coastal Project to ensure water delivery to SBCFCWCD and SLOCFCWCD consistent with the water supply contracts. Such maintenance and operations shall be performed in a manner that the Coastal Project is kept in good condition and protected to ensure its long-term operation.

b. All of the Authority's costs associated with ordinary operation and maintenance shall be charged as described in paragraphs 12 and 13. In performing ordinary operation and maintenance, the Authority shall comply with paragraph 14.

3. Emergency Maintenance

If a situation exists requiring emergency maintenance to the Coastal Project, the Authority shall promptly undertake appropriate action as required. The Authority shall promptly notify the State's San Joaquin Field Division of such action at a telephone number furnished by the State. After consultation with the Authority, including a reasonable opportunity under the particular circumstances for the Authority to provide comments to the State, the State may modify or direct such actions. All costs associated with responding to an emergency shall be charged as described in paragraphs 12 and 13. In addition, the Authority shall provide to the State, as soon as practicable, an estimate of the costs incurred or to be incurred in performing emergency maintenance. In performing emergency activities, the Authority shall comply with Paragraph 14 to the extent practicable, taking into account the emergency situation.

Preparation of Operation and Maintenance Manual and of Annual Operation and Maintenance Schedule

The State and Authority shall cooperate to ensure that operation and maintenance of the Coastal Branch is carried out in a reliable and cost effective manner. Sixty days before the commencement of deliveries through the Coastal Project, the Authority shall submit an operation and maintenance manual to the State for its review and approval. The manual shall describe the operation and maintenance activities to be undertaken by the Authority and the frequency of these maintenance activities. The State and the Authority shall coordinate site maintenance and water deliveries at Tank 1 of the Coastal Project, which is to be reflected in the operation and maintenance manual. From time to time, the State may request or the Authority may propose that the manual be revised. In either case, the Authority shall prepare such revisions and submit them to the State for review and approval. By May 1 of each year of this Agreement, the Authority shall also submit to the State for its review and approval an annual operation and maintenance schedule, including expected outages, for the following year. The State shall complete its review and approval as soon as possible, but in no event later than 30 days after it receives the schedule. Approval of any of these documents shall not subject the State to any liability, nor shall such action modify or qualify the Authority's liability under paragraph 16 of this Agreement. The annual operation and maintenance schedule may include references to the manual as appropriate.

5. State's Reservation of Rights

a. The State reserves the right to participate in any operation and maintenance activities or any other activities carried out by the Authority under this Agreement upon prior written notification to the Authority. Such participation may include performing maintenance activities with State or other forces, drafting specifications, participating in contractor selection, evaluating work performance, administering contracts, and resolving contract claims. The written notification to the Authority shall, to the extent practicable, specify which activities the State intends to participate in, the reasons for the State's decision to participate, and the location and time period of such participation. State may also require prior approval of any documents including, but not limited to, plans and specifications, solicitation documents, drawings, data, addenda, change orders, and contracts by written notice to the Authority. Approval of any of these documents shall not subject State to any liability, nor shall such action modify or qualify the Authority's liability under paragraph 16 of this Agreement. In exercising its rights under this paragraph, the State shall take all reasonable steps to minimize or avoid any delays to the operation and maintenance schedules.

b. The State, at its option, after giving the Authority 30 days written notice, may perform all or some of the operation and maintenance activities of the Coastal Project for a period of time. Such notice shall specify the type

and work and the period of time in which the State intends to perform operation and maintenance activities. In the event the State gives such notice, the State and Authority shall cooperate during the 30-day period to ensure that operation and maintenance of the Coastal Project are properly carried out.

6. Inspections and Reports

a. The State reserves the right of access at all times to the Coastal Project for the purposes of observation and inspection, to respond to emergencies, or for other purposes deemed necessary by the State. In addition, joint inspections shall take place biennially or upon some other mutually agreed upon interval, consistent with practices for other State Water Project facilities.

b. The Authority shall keep operation and maintenance records on the Coastal Project necessary to demonstrate that the facilities and right of way are being kept in good condition. The Authority shall provide the records for State inspection at the request of the State. Such records shall include, but are not limited to, turnout deliveries, water quality, cathodic protection, and equipment outages.

c. By March 1 of each year of this Agreement, the Authority shall submit to the State written reports summarizing operation and maintenance activities performed during the previous year.

d. The Authority shall keep records of all costs incurred under this Agreement. Such costs shall be maintained in sufficient detail to allow the State to allocate costs among the reaches and or facilities defined by the State.

7. Licenses and Permits

a. This Agreement shall not affect the State's ownership of and statutory responsibilities relating to the Coastal Project. After consultation with the Authority, the State, at its option, may grant encroachment permits, licenses, easements, or other interests in real property, or may convey Coastal Project real property it deems surplus.

b. The Authority shall make reasonable efforts to protect Coastal Project rights of way and facilities from public trespass, vandalism, and unauthorized encroachments.

Authority to Comply with Existing Permits

In exercising its obligations under this Agreement, the Authority shall be responsible for complying with all applicable laws and regulations concerning operation and maintenance of the Coastal Project, including all environmental laws and regulations, which the State or the Authority is obligated to satisfy. The Authority also shall abide by conditions in consents, permits, orders, and agreements secured or entered into by State applicable to the Coastal Branch, which the State is obligated to comply with and which are specified in Exhibit B, including conditions relating to environmental mitigation and monitoring during operation and maintenance. The State may amend Exhibit B by giving written notice to the Authority. The Authority, to the extent practicable, shall contact the agencies responsible for issuing such consents, permits, orders and agreements and shall cooperate with the agencies to have these authorizations modified so that the Authority is directly responsible for complying with them instead of the State.

9. Control of Water Pollution

No material capable of water pollution shall be discarded on lands covered by this Agreement except as provided in the "Water Discharge and Spill Contingency Plan" or the "Sludge Disposal Plan," as those plans may be amended from time to time. Such material shall be stored in such manner as to prevent its discharge.

10. Control and Responsibility for Hazardous Substances

In carrying out its obligations under this Agreement, the Authority and its agents shall comply with all applicable federal, State, or local laws existing during the term of this Agreement pertaining to the use, storage, transportation and disposal of any hazardous substance as that term is defined in such applicable law. In the event State or any of its officers, employees, or agents should incur any liability, cost or expense, including attorneys' fees and costs, as a result of the Authority's use, storage, transportation or disposal of any hazardous material, including any petroleum derivative, in addition to any responsibility the Authority has under this paragraph or paragraph 16 and notwithstanding Government Code Section 895.2, the Authority shall indemnify, defend and hold harmless State against such liability. Where the Authority is found in breach of this provision due to the issuance of a government order directing the Authority to cease and desist any illegal action in connection with a hazardous substance, or to remedy a contaminated condition caused by the Authority or any person acting under its direction, control or authority, the Authority shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by State in connection with or response to such government order.

11. Notice of Contamination

Should the Authority or any of its agents, employees or contractors discharge or release any hazardous materials, as defined under State or federal law, within State's right of way, the Authority immediately shall contact the State's San Joaquin Field Division and the applicable regulatory agencies. If the discharge or release is thereupon determined to be sufficiently insignificant that localized remediation without regulatory supervision is permissible, the Authority immediately shall undertake such remediation. If the discharge or release is thereupon determined to be significant so that local, State or federal regulatory agency supervision is necessary, the Authority shall comply with the requirements of the applicable agency or agencies. During remediation, the Authority shall keep the State apprised of the remediation efforts and progress.

12. Operation and Maintenance Charges

a. All operations and maintenance activities performed by the Authority under this Agreement shall be charged directly to the members of the Authority and other water customers from the Coastal Project to the extent permitted by contracts between the Authority and its members or by other contracts. A written copy of such charges shall be sent to the State at the time of billing.

b. Any costs for operations and maintenance incurred by the Authority that are not paid directly by SLOCFCWCD shall be billed to the State as provided in paragraph 13. For all such charges accepted by the State, the State shall seek reimbursement for such charges and overhead expenses from SLOCFCWCD in a manner consistent with the SLOCFCWCD water supply contract.

13. Invoicing and Payment

Invoices submitted to the State pursuant to paragraphs 12 and 15 with sufficient detail to justify payment shall be submitted in triplicate no more frequently than monthly in arrears to:

Department of Water Resources
Accounting Office, Accounts Payable
Post Office Box 942836
Sacramento, California 94236-0001

Each invoice must identify Contract Number B-80976 and shall describe the activities for which charges are made in sufficient detail to be reviewed by the State. Billings must be in accordance with the cost breakdown in Exhibit C. State shall

make payments on the undisputed portions of invoices as soon as State invoice processing procedures allow, with a goal of making such payments within 60 days after State receives the invoice.

14. Performance of Operation and Maintenance

- a. The Authority shall perform activities described in this Agreement through its employees, agents, consultants and contractors.
- b. The Authority may enter into contracts for activities to be performed under this Agreement; however, the Authority shall be fully responsible for all contracted work, including its quality and timeliness. Except for contracts already in effect, in soliciting contracts for services to be performed under this Agreement, the Authority shall comply with the provisions of subparagraph (c) of this paragraph. At the request of State, the Authority shall provide State with documentation which evidences substantial compliance with those provisions for contracts already in effect.
- c. Contracted services:
 - (1) For service and consulting service agreements, the Authority shall solicit for such services in accordance with the provisions of the Public Contract Code applicable to local public agencies. Consulting service contracts are defined in section 10356 of the Public Contract Code.
 - (2) For the types of services covered by Government Code Section 4525 et seq., the Authority shall solicit for such services in accordance with those Government Code provisions.
 - (3) For public works agreements as defined in section 1101 of the Public Contract Code, the Authority shall comply with the provisions of the Public Contract Code applicable to local public agencies.
 - (4) The State may require written documentation evidencing compliance with subparagraph (c) of this paragraph.

15. Recommendations for Major Repair, Replacement, or Reconstruction Work

- a. The Authority shall recommend to the State any major repair, replacement, or reconstruction work that, in the Authority's opinion, is required to keep the Coastal Project in good condition. After consultation with the Authority, including a reasonable opportunity under the particular circumstances for the Authority to provide prior comments to the State, the State shall determine whether such recommended work or other major repair, replacement, or reconstruction work should be performed and the schedule

for performing and arrangements for financing such work. As determined by the State, major repair, replacement, or reconstruction work will ordinarily be capitalized. The State shall be responsible for performing such work, provided that the State may, with the consent of the Authority, request the Authority to perform or arrange for the performance of such work.

b. If the Authority performs any work described in subparagraph (a) above, the Authority may charge costs associated with such work to the State in a manner to be agreed to by the parties. In performing any such work, the Authority shall comply with paragraph 14.

16. Indemnity

The provisions of this paragraph shall apply throughout all periods in which the Authority is responsible for operation and maintenance of the Coastal Project under this Agreement. During all such periods, to the extent there is a conflict between this paragraph and paragraph 13(B) of the July 22, 1994 "Agreement between the Department of Water Resources, State of California and the Central Coast Water Authority for the Treatment and Transportation of Municipal Water Supplies within the Coastal Branch, Phase II of the California Aqueduct," the provisions of this Agreement shall apply.

a. Operation and Maintenance of the Coastal Project:

In performance of this Agreement, the parties, their departments, officers, employees, or agents shall act in an independent capacity and not as officers, employees, or agents of the other party. Other than that expressly provided for in this Agreement, neither party assumes any liability for the activities of the other. The Authority is responsible for all costs of defense and attorneys' fees which may arise out of the operation and maintenance of the Coastal Project by the Authority under this Agreement, except to the extent such injury, damage, or loss is caused by the negligence or willful misconduct of the State or its officers, employees, or agents, including, without limitation, direction given to the Authority under this Agreement which constitutes negligence or willful misconduct. In the event any claim of liability for which the Authority is responsible is instituted against the State, or any of its departments, officers, employees, or agents, the Authority shall defend, indemnify, and hold the State harmless from such claim. This Agreement is made in contemplation of California Government Code sections 895, 895.2, 895.4, 895.6, and California Civil Code section 1778.

b. Delivery and Distribution of Water:

(1) Except for claims for damages resulting from the negligence or willful misconduct of the State or its officers, employees, or agents, neither the State nor any of its officers, employees, or agents shall be liable for the control, carriage, handling, use, disposal or distribution of

project water after it has passed beyond valve 7 at Tank 1; nor for claim of damage of any nature whatsoever, including, but not limited to, property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water after it has passed beyond valve 7 at Tank 1. Neither the State nor any of its officers, employees, or agents shall be liable in any manner whatsoever for (a) claims of damage of any nature relating to water quality arising through no negligence of the State or its officers, employees, or agents; and (b) claims of damage of any nature arising out of a failure to maintain water quality improvements attributable to the treatment plant and other water treatment facilities whether or not arising through the negligence of the State or its officers, agents, or employees. The Authority shall indemnify and hold harmless the State and its officers, employees, and agents from any such damages or claims of damage.

(2) Except for claims for damages resulting from the negligence or willful misconduct of the Authority or its officers, employees, or agents, neither the Authority nor any of its officers, employees, or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of project water before it has been delivered to Valve 7 at Tank 1; nor for claim of damage of any nature whatsoever, including, but not limited to, property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water before it has been delivered to Valve 7 at Tank 1. This limitation on the Authority's liability and that of its officers, employees, and agents shall not apply to claims for damages that are the Authority's responsibility under subparagraph b(1) of this paragraph.

c. Notwithstanding Government Code Section 895.2, the Authority agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all liability, claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers and any other person, firm or corporation furnishing or supplying work services, design services, consultant, or any other services, material or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Authority, its officers, agents, employees, contractors, subcontractors, suppliers, and laborers in connection with the performance of this Agreement. The foregoing agreement to indemnify by the Authority shall not apply to claims for damages resulting from the negligence or willful misconduct of the State or its officers, employees, or agents, including, without limitation, direction given to the Authority under this Agreement which constitutes negligence or willful misconduct.

17. Insurance During Operation and Maintenance

a. Insurance Policy:

Throughout all periods in which the Authority is responsible for the operation and maintenance of the Coastal Project under this Agreement, the Authority shall secure and maintain a policy of insurance against all liability for which the Authority may be liable for activities arising under this Agreement. The State, its officers and employees shall be named as additional insureds in a combined single limit comprehensive liability insurance policy in an amount not less than \$2,000,000. Such policy shall not contain any provision against cross liability between named insureds, but shall include a 45-day notice provision for termination by the insurer of such policy. A certificate of insurance in compliance with the provisions of this section shall be delivered to the State 15 days before the Authority is to commence operation and maintenance activities under this agreement. Such insurance coverage shall be in effect at all times during the term of this Agreement and the State will not be responsible for any premiums or assessments on the policy. In the event such insurance coverage expires at any time during the term of this Agreement, the Authority shall file with the State, at least 45 days prior to such date of expiration, a new certificate of insurance evidencing coverage as provided for herein. New certificates of insurance shall be subject to approval by the State. Such approval shall be conclusively presumed in the absence of written objection by the State and received by the Authority within 30 days after the date of filing of said new certificate. Such certificate may provide for deductible coverage upon agreement of the parties. In the event the Authority fails to keep in effect at all times insurance as herein provided, the State may, in addition to any other remedies it may have, terminate this Agreement. For all activities in which the Authority is liable, it shall be liable for the full amount, even if the amount exceeds the amount of the insurance policy maximum.

(b) Alternative Forms of Insurance:

The Authority may request approval from the State to procure the required insurance through the Association of California Water Agencies Joint Powers Insurance Authority or to provide self insurance. The State's approval of such a request shall be subject to such terms and conditions as the State may determine at the time of the request.

18. Contracting Officers of the State

The State's contracting officer shall be the Deputy Director of the Department of Water Resources with the responsibility for State Water Project operations, or his or her successor, or duly authorized representative. The contracting officer shall be responsible for all discretionary acts, opinions, judgments, approvals, reviews, and determinations required of the State under the terms of this Agreement.

19. Notices

Unless otherwise provided in this Agreement, all notices that are required either expressly or by implication to be given by one party to the other party under this Agreement shall be signed for the State by its contracting officer, and for the Authority by its Executive Director or such officer as it may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed and stamped envelope and deposited with the U.S. Postal Service for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown below:

For the State:

State of California
Deputy Director for the State Water Project
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

For the Authority:

Executive Director
Central Coast Water Authority
255 Industrial Way
Buellton, California 93427-9565

20. Assignment

No assignment or transfer of this Agreement or any part hereof, rights hereunder, or interest herein by the Authority shall be valid unless and until the assignment or transfer is approved in writing by the State and made subject to such terms and conditions as the State may impose.

21. Maintenance and Inspection of Books, Records, and Reports

During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and make copies of any books, records, and reports of the other party pertaining to this Agreement or matters related thereto. Each of the parties hereto shall maintain and make available for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Agreement.

No Amendment to the Water Supply Contracts and Water Treatment Plant Agreement

This Agreement does not amend the SBCFCWCD water supply contract or the SLOCFCWCD water supply contract. This Agreement does not amend the agreement dated July 22, 1994 between the State and the Authority entitled, "Agreement between the Department of Water Resources, State of California and the Central Coast Water Authority for the Treatment and Transportation of Municipal Water Supplies within the Coastal Branch, Phase II of the California Aqueduct."

23. Signature Authority

The signatories for the Authority represent that they are appropriately authorized to enter into this Agreement. A certified copy of a resolution or minute order authorizing the Authority to enter into this Agreement shall be delivered to the State before the Authority may commence operation and maintenance activities.

24. Paragraph Headings

Paragraph headings of this Agreement are for the convenience of the parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

25. Term and Amendments

This Agreement shall become effective upon the signature of both parties and the approval of the Department of General Service. This Agreement shall remain in force from the date it becomes effective until December 31, 2006; provided, however, that if both parties agree in writing, the Agreement shall remain in force until the date of termination of the SBCFCWCD water supply agreement. The State or Authority may terminate this Agreement at any time upon giving the other party 60-day advance written notice. In the event either party gives such notice, both parties shall cooperate during the 60-day period to ensure that operations and maintenance of the Coastal Project is properly maintained. All costs incurred by the Authority up to the time of termination shall be reimbursable in accordance with this Agreement. The State and the Authority may modify this Agreement only with a written instrument executed by both parties.

26. Standard Clauses

The standard clauses which are attached hereto as Exhibit D are incorporated herein by this reference. The termination clause of the standard clauses is deleted.

Agreement No. B-80976
Exhibit A

Operations and Maintenance Duties
for the Coastal Branch Phase II
to be Accomplished by the
Central Coast Water Authority

The following sites, structures, appurtenances and improvements will be operated and maintained by the Central Coast Water Authority as part of the Joint Exercise of Powers Agreement between the Department of Water Resources, State of California and the Central Coast Water Authority Relating to the Operation and Maintenance of the Coastal Branch, Phase II:

Tank 1 treated water tanks, vaults, and all associated appurtenances and improvements downstream of Valve 7.

2. Reaches 1 (treated water portion only) through 6 including all valve vaults, manway structures, disinfection points, sample points, and other appurtenances and improvements.
3. Tank 2 and Tank 5 sites, including all valve vaults, control structures, meters and other appurtenances and improvements.
4. Chorro, Lopez, Guadalupe, Santa Maria and Southern California Water Company turnouts.
5. Cathodic protection system for the treated water portion of the pipeline.
6. Fiberoptic lines, Supervisory Control and Data Acquisition (SCADA) System and communications for the treated water portion of the pipeline.

Additionally, the Authority will be responsible for the following tasks:

1. Water quality sampling, testing and distribution of data for the Coastal Branch Phase II.
2. Water ordering, meter reading and billing for all participants and recipients of water downstream of Valve 7 at the Tank 1 site.
3. Environmental monitoring, erosion control, mitigation, and regulatory compliance downstream of the Tank 1 site. (In carrying out these responsibilities, the Authority shall utilize the services of the DWR environmental specialists currently headquartered in San Luis Obispo through December 31, 1998 and the services of the California Conservation Corps

**DWR ENVIRONMENTAL PERMITS OR AUTHORIZATIONS
RELATING TO COASTAL BRANCH, PHASE II**

1. California Environmental Quality Act Mitigation Monitoring Program, Coastal Branch, Phase II.
2. "Memorandum of Agreement by and Between California Department of Water Resources, California Department of Fish and Game, and the U.S. Fish and Wildlife Service Regarding Construction, Operation, and Maintenance of the Coastal Branch, Phase II of the State Water Project" dated September 29, 1993.
3. "California Endangered Species Act Memorandum of Understanding by and between California Department of Water Resources and California Department of Fish and Game Regarding the Operation, Maintenance, and Construction of the Coastal Branch, Phase II ("CESA No. 9317").
4. "Programmatic Agreement Among the Los Angeles District, Corps of Engineers, the Advisory Council on Historic Preservation, and the California State Historic Preservation Officer Regarding Implementation of the Central Coastal Branch, Phase II" dated September 30, 1993.
5. All authorizations issued or to be issued by the Army Corps of Engineers under Section 404 of the Clean Water Act.
6. All agreements regarding proposed stream or lake alterations entered into between Department of Fish and Game and Department of Water Resources or between Department of Fish and Game and the Authority under section 1601 of the Fish and Game Code.
7. All conditions relating to the water quality certification or waiver issued by the Regional Water Quality Control Board.
8. The conditions specified in a Storm Water Pollution Prevention Plan filed with the State Water Resources Control Board under the National Pollution Discharge Elimination System.

Agreement No. B-80978
Exhibit B
Page Two

9. All right of entry and right of way permits and agreements, including the Right of Way Contract between the Department of Water Resources and the California Polytechnic State University dated May 28, 1996.
10. All conditions in the March 26, 1996 Memorandum of Understanding relating to Coastal Branch Construction between the Department of Water Resources and the California Polytechnic State University, and Addendum to the Memorandum of Understanding dated April 26, 1996.

REPAYMENT REACH AND COST COMPONENT DESCRIPTIONS

All billings submitted to the Department of Water Resources must be identified by repayment reach and by cost component as defined in this Attachment.

REPAYMENT REACHES

Repayment reaches shall mean those aqueduct repayment reaches which are described in Table I, "Aqueduct Reaches," of the water supply contracts. The applicable reaches covering Coastal Branch facilities are:

Repayment Reach No.	Description
31A	Avenal Gap to Devil's Den Pumping Plant.
33a	Devil's Den Pumping Plant thru Tank 1.
33b	Tank 1 thru Chorro Valley Turnout.
34	Chorro Valley Turnout thru Lopez Turnout.
35	Lopez Turnout thru Guadalupe Turnout.
37	Guadalupe Turnout to SPRR crossing near Casmalia.
38	SPRR crossing near Casmalia thru Terminus at Tank 5.

COST COMPONENTS

Operating Cost

This component shall include any operation and maintenance costs which are not capitalized.

Capital Cost

This component shall include any costs which are to be capitalized.

**STANDARD CLAUSES -
CONTRACTS WITH PUBLIC ENTITIES**

Workers' Compensation Clause. Contractor affirms that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and Contractor affirms that it will comply with such provisions before commencing the performance of the work under this contract.

Claims Dispute Clause. Any claim that Contractor may have regarding the performance of this agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the Director, Department of Water Resources, within thirty days of its accrual. State and Contractor shall then attempt to negotiate a resolution of such claim and process an amendment to this agreement to implement the terms of any such resolution.

Nondiscrimination Clause. During the performance of this contract, the recipient, Contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age (over 40), or sex. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Sections 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code Sections 11135 - 11139.5), and the regulations or standards adopted by the awarding State agency to implement such article. Contractor or recipient shall permit access by representatives of the Department of Fair Employment and Housing and the awarding State agency upon reasonable notice at any time during the normal business hours, but in no case less than 24 hours' notice, to such of its books, records, accounts, other sources of information and its facilities as said Department or Agency shall require to ascertain compliance with this clause. Recipient, Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. The Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

Availability of Funds. Work to be performed under this contract is subject to availability of funds through the State's normal budget process.

Audit Clause. For contracts in excess of \$10,000, the contracting parties shall be subject to the examination and audit of the State Auditor for a period of three years after final payment under the contract. (Government Code Section 8546.7).

Payment Retention Clause. Ten percent of any progress payments that may be provided for under this contract shall be withheld per Public Contract Code Sections 10346 and 10379 pending satisfactory completion of all services under the contract.

Reimbursement Clause. If applicable, travel and per diem expenses to be reimbursed under this contract shall be at the same rates the State provides for unrepresented employees in accordance with the provisions of Title 2, Chapter 3, of the California Code of Regulations. Contractor's designated headquarters for the purpose of computing such expenses shall be: _____.

Termination Clause. The State may terminate this contract without cause upon 30 days' advance written notice. The Contractor shall be reimbursed for all reasonable expenses incurred up to the date of termination. See Paragraph 25 of the Agreement.

Drug-Free Workplace Certification. By signing this contract, the Contractor or grantee hereby certifies under penalty of perjury under the laws of the State of California that the Contractor or grantee will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
2. Establish a Drug-Free Awareness Program to inform employees about all of the following:
 - (a) The dangers of drug abuse in the workplace,
 - (b) The person's or organization's policy of maintaining a drug-free workplace,
 - (c) Any available counseling, rehabilitation and employee assistance programs, and
 - (d) Penalties that may be imposed upon employees for drug abuse violations.
3. Every employee who works on the proposed contract or grant
 - (a) Will receive a copy of the company's drug-free policy statement, and
 - (b) Will agree to abide by terms of the company's statement as a condition of employment on the contract or grant.

This contract or grant may be subject to suspension of payments or termination, or both, and the Contractor or grantee may be subject to debarment if the department determines that: (1) the Contractor or grantee has made a false certification, or (2) the Contractor or grantee violates the certification by failing to carry out the requirements noted above.

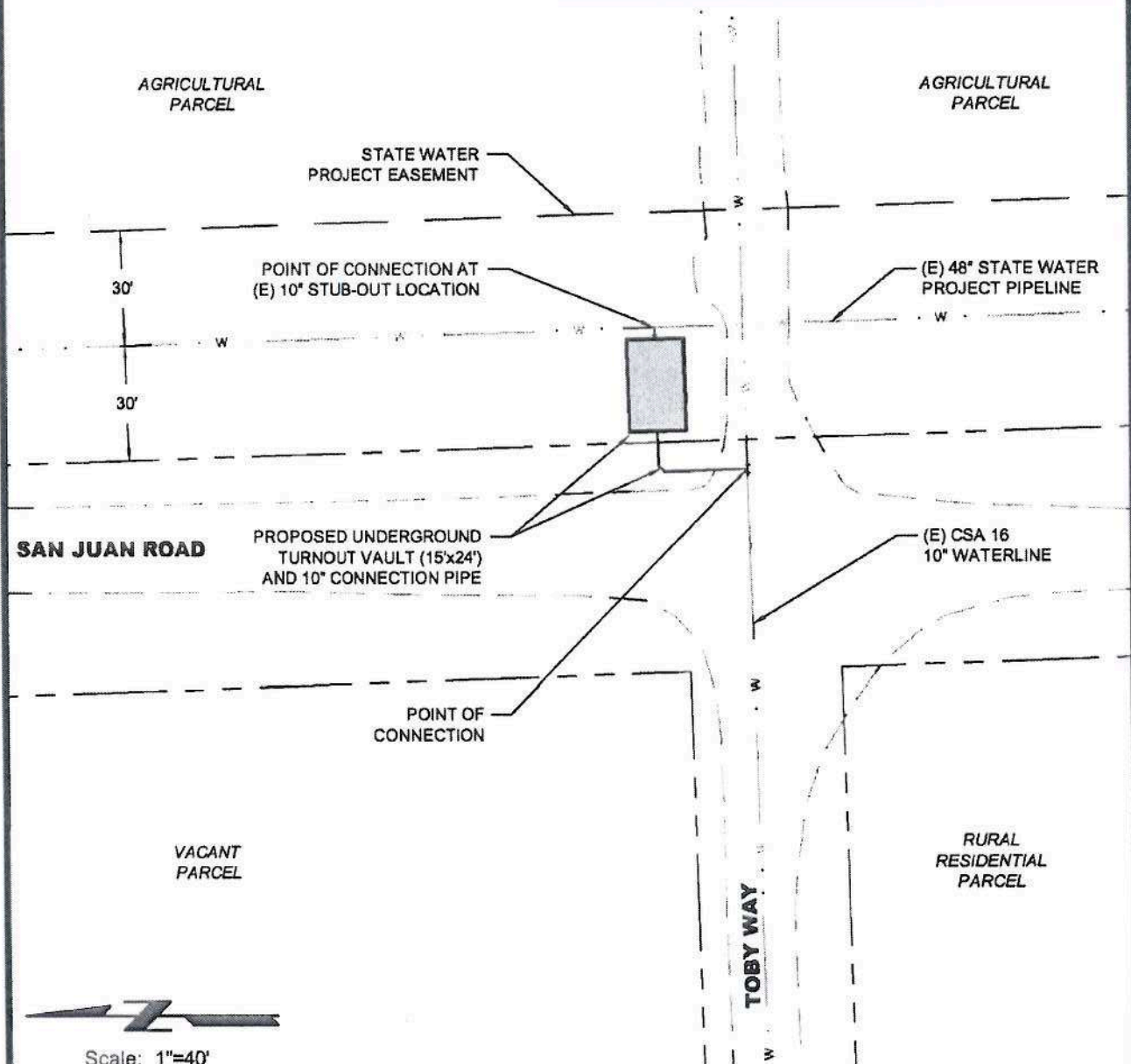
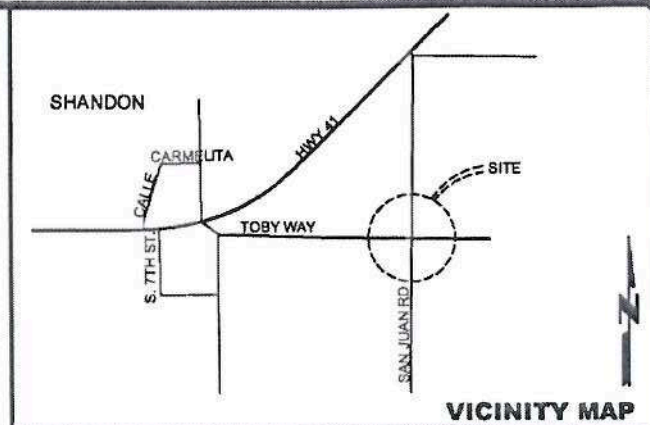
Americans With Disabilities Act. By signing this contract, Contractor assures the State that it complies with the Americans With Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Conflict of Interest. Current State Employees: a) No State officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity or enterprise is required as a condition of regular State employment. b) No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.

Former State Employees: a) For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. b) For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.

LEGEND

- EXISTING RIGHT-OF-WAY
- - - EXISTING EASEMENT LINE
- - - EXISTING EDGE OF ROAD
- - - EXISTING WATERLINE
- PROPOSED WATERLINE



SAN LUIS OBISPO COUNTY DEPARTMENT OF PUBLIC WORKS

CSA 16 STATE WATER TURNOUT PROJECT EXHIBIT

SHANDON, CALIFORNIA

Scale: 1"=40'	Date: April 2012
Drawing No: WBS 300462	
Sheet No: 1 OF 1	

EXHIBIT B
APPROVED DESIGN DOCUMENTS

[TO BE ADDED AFTER RETURN BY DWR AND PRIOR TO SIGNATURE BY CCWA]